

Preliminary Findings from Focus Groups With Small Businesses

Ian Hill

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Summary of Approach

- Five focus groups with small business owners
- Three with businesses who offered insurance
- Two with businesses who did not offer insurance
- Moderated by Linda LaScola



Summary of Approach (cont.)

- Recruitment criteria:
 - <50 employees, majority of whom are District residents
 - Mix of full time and part time workers
 - Offered coverage and the majority accepted/Did not offer coverage
- Each group lasted 2 hours; mixed racial/ethnic, gender, location of business
- Questions explored how businesses decided to offer coverage or not, how much employers pay or would pay, how do businesses control costs to the company, ways to make it easier to offer



Findings from Groups Who Offered Coverage

Characteristics of coverage

- Types of businesses: CPA firms, graphics, child care centers, flower shops, salons
 - Firm sizes between two and 25; Mix of FT/PT
- Most businesses offered to all employees
- Most offered to dependents, but many only paid for individual coverage
- Employers paid between 25% and 100% of premiums; most employees took up offers



Findings from Groups Who Offered Coverage

Reasons for offering coverage

- “Right thing to do”
- Ease recruitment and retention of loyal employees
- Wanted health benefits for themselves
- Many participants reported they would shut down before they stopped offering insurance

Findings from Groups Who Offered Coverage

Control Costs to Company

- Less profit at the end of the year
- Switch plans if it gets too expensive
- Hire hourly employees - recognize the instability
- Work harder to increase profits to offset costs
- Lay off employees as a last resort

Findings from Groups Who Offered Coverage

Suggestions for making it easier to offer coverage

- More options to buy insurance in groups/purchasing alliances
- Reduce complexity
 - Too many options-confusion over what really is the best policy
- More government subsidy

Findings from Groups Who Did Not Offer Insurance

Characteristics of coverage

- Types of businesses: Retail, cleaning, construction, electrical, barbershops
 - Firm sizes between 3-40; mix of FT/PT
- Some have offered in the past, but slowly had to stop offering
- A few reported offering other compensation

Findings from Groups Who Did Not Offer Insurance

Reasons for not offering coverage

- Cost, Cost, Cost . . .
- Nature of business; offering insurance not the norm
- Perceptions that employees did not need it because they were covered elsewhere, covered by public programs, or did not want to spend the money on it
- Information from insurance companies overwhelming

Findings from Groups Who Did Not Offer Insurance

Firm Experiences

- Employers would pay \$100-\$200 per month per employee
 - Not feasible to charge employees over \$200 a month
 - Unable to find a policy less than \$400 a month
- One participant tried a high deductible plan, but costs still crept up
- Talk about flexible spending accounts
- Acknowledges difficulty in recruitment/retention



Findings from Groups Who Did Not Offer Insurance

Suggestions for making it easier to offer coverage

- Combine with other smaller, similar business to purchase coverage in larger groups
- Make more affordable options available
- Provide tax credits

Conclusions

- Costs are a huge concern for small businesses
- More options for pooling into large groups needed
- Need to reduce complexity of system and options
- Small employers face serious trade-offs in weighing decisions to offer or not
 - Survival/bottom line
 - Recruitment/retention
 - Healthy employees and families